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**Memorandum**

**To:** Legislative Leadership, Judicial Branch Administrators, Elected Officials, Secretariats, Department Heads, Chief Fiscal Officers, MMARS Liaisons, Payroll Directors, Internal Control Officers, and Legal Counsels

**From:** Martin J. Benison, Comptroller

**Date:** March 5, 2002

**Re:** Internal Control Guidance on Changes from the Employee Retirement Incentive Program (ERIP)

Comptroller Memo FY#2002-22

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**Executive Summary**

The purpose of this memo is to furnish **Internal Control** guidance to department heads and internal control officers during the transition of many employees toward retirement. As the state agency responsible for communicating information about internal controls, the Office of the Comptroller would like to take this opportunity to offer advice and assistance in this area.

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Chapter 647, the Internal Control Act, requires that departments review and update their internal controls at least annually. This activity becomes even more important when change occurs. The upcoming changes due to the early retirement program and other reductions in workforce will challenge the efforts of state managers as they attempt to remain focused on fulfilling agency responsibilities.

Each department's internal control officer (ICO) is responsible for the internal controls relating to his or her department. To ensure a smooth transition, ICO's must monitor the effect of staffing reductions on department operations. Many departments have prepared risk assessments as a result of the ongoing internal control campaign which will be useful in determining the operations which need special monitoring and in prioritizing the policies/procedures that require change to reflect increased risk. Risk is, of course, greatest at a time of change.

The Comptroller's Office recommends that your fiscal, legal and administrative staff examine the following:

♦ **Transition, Cross Training and Staff Coordination**

We recommend cross training as a method of making sure mission critical work continues. Staff assuming new responsibilities should begin performing the duties immediately, with the departing staff serving as advisors when problems arise. The departing staff should focus on assuring procedures are documented and updated. We also recommend that staff assuming new responsibilities review Comptroller fiscal policies and forms available on our website at: <http://www.state.ma.us/osc/overview.htm>. Any major department change has both fiscal and legal

implications. Therefore, we urge department fiscal, legal and administrative staff to coordinate these changes to ensure both legal and fiscal compliance, managing obligations and expenditures within appropriations, and to prevent potential future time consuming problems.

◆ **Signature Authorization**

Departments should review current signature authorizations to ensure that staff assuming responsibility for signing documents have been delegated signature authorization by the department head. Changes in signature authorizations should be forwarded to this office on the appropriate form. These forms are available at the Comptroller's Web site, <http://www.state.ma.us/osc/overview.htm> under "Comptroller Forms".

◆ **Key Personnel Designations**

The Comptroller's Office communicates with departments (both electronic and hard copy) using the key department assignments. Key assignments such as chief fiscal officer, MMARS liaison or security officer must remain filled. Changes in personnel designation should be forwarded to this office using the Department's Key Personnel Update form found at the following website: [http://www.state.ma.us/osc/Accountg/Comptroller\\_forms/DeptKeyPersonUpdate.doc](http://www.state.ma.us/osc/Accountg/Comptroller_forms/DeptKeyPersonUpdate.doc).

◆ **Fiscal and Payroll System Security**

Departments should review current system access and authorization (for MMARS, HR/CMS, PCRS, and Warehouse) to ensure that staff assuming responsibility for entering and approving documents have been provided the appropriate security profiles. Departments should also ensure that the profiles and UAIDs of staff that are terminating or retiring are deleted from the systems in a timely manner.

◆ **Closing/Opening**

Departments should review the closing and opening instructions to ensure that activities performed annually will be covered considering the potential downsizing of staff. It is important to ensure that the operations of state government remain stable, that our services are continuous and our records are auditable. The 2002 document is available at the Comptroller's web site, <http://www.state.ma.us/osc/Homeview/OpenClose/fy02/Open02.htm>.

Should you have any questions regarding this memo, please call Diane Ledwell, Deputy Comptroller at (617)973-2380 or email her at [Diane.Ledwell@state.ma.us](mailto:Diane.Ledwell@state.ma.us). Thank you for your attention to this very important task.